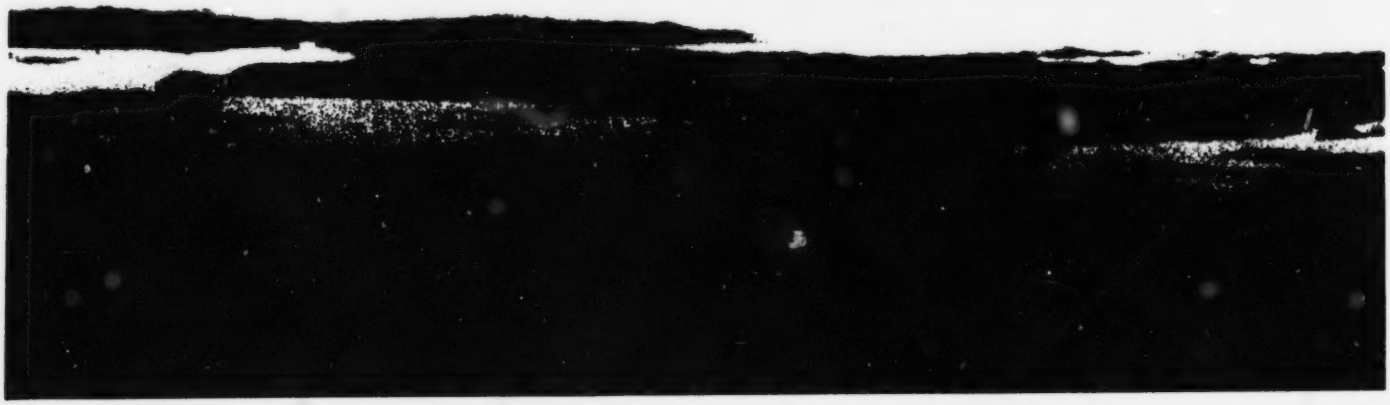
CANADA · ALBERTA
Crop Insurance



ALBERTA Hail Insurance

Agriculture Canada

Alberta

18th Annual Report YEAR ENDED MARCH 31, 1986

ALBERTA HAIL AND CROP INSURANCE CORPORATION

BOARD OF DIRECTORS
PETER TRYNCHY, M L A. Chairman
JAMES P. CHRISTIE, Vice-Chairman
ROBIN WALLACE
JAMES DAINES
ALBERT KOOY
JOHN LANGELIER
FRANK SCHWENGLER
E. A. PATCHING, General Manager
J. M. McKAY, Executive Secretary to Board of Directors

CANADA · ALBERTA Crop Insurance

5718 56th AVENUE, BAG SERVICE NO. 16, LACOMBE, ALBERTA T0C 1S0 TELEPHONE 782-4661

September 30, 1986

The Honourable Shirley Cripps
Associate Minister of Agriculture
Room 319 Legislature Building
EDMONTON, Alberta
T5K 2B6

Madame:

I have the honour of submitting herewith the Eighteenth Annual Report of the Alberta Hail and Crop Insurance Corporation.

This report is submitted in accordance with Section 9 of the "Hail and Crop Insurance Act" being Chapter H-1 R.S.A. 1980 and contains a summary of operations and the audited financial statements for the fiscal year ending March 31, 1986.

I trust this report will be of interest to you.

Respectfully submitted,

Peter Trynchy
Chairman, Board of Directors

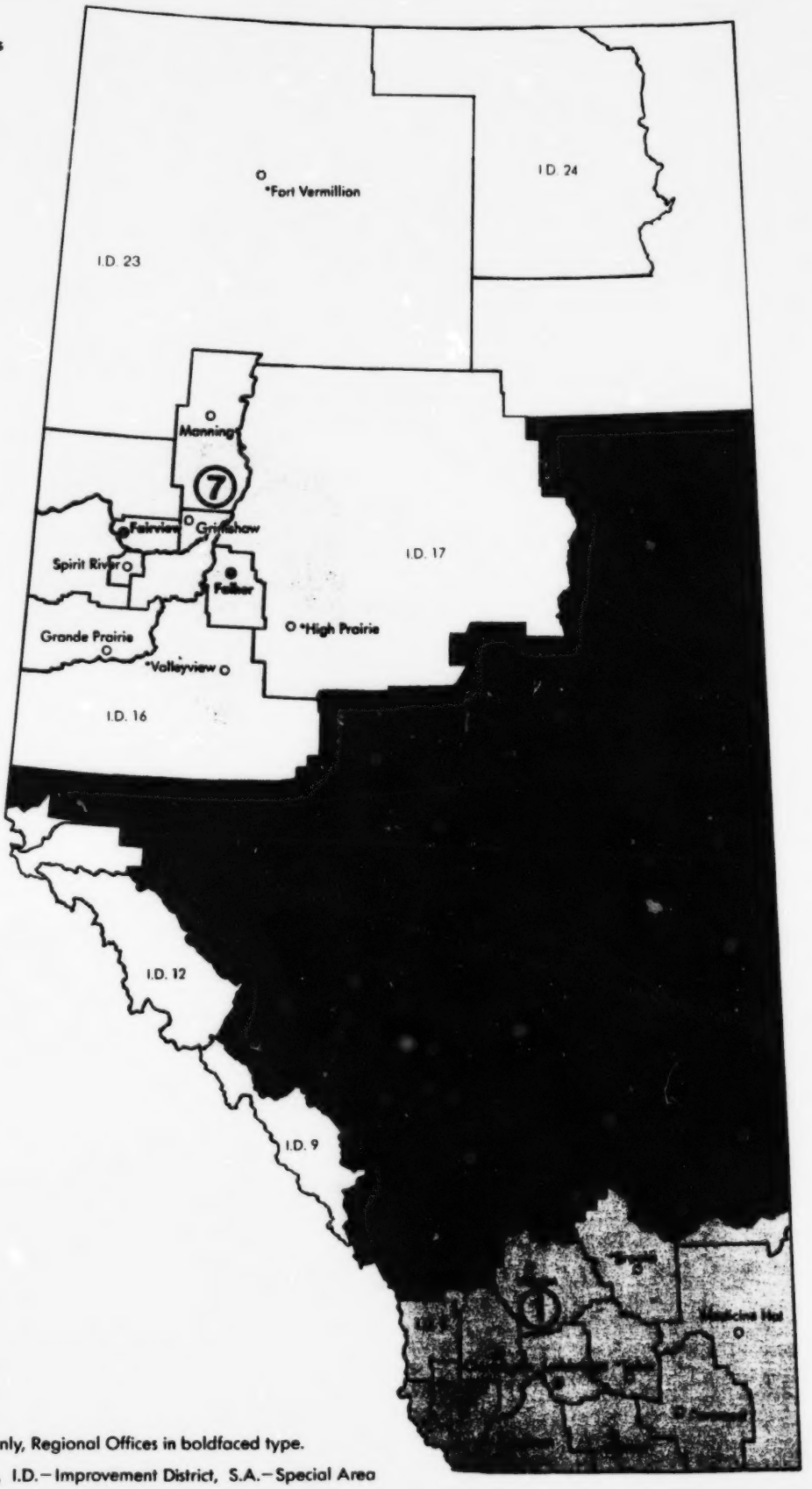
ALBERTA HAIL AND CROP
INSURANCE CORPORATION

ALBERTA HAIL AND CROP INSURANCE CORPORATION

Supervisory Regions Showing Locations

Regional Office ●
District Office ○
Head Office ☆

①	M.D. 6	Cardston
	M.D. 9	*Pincher Creek
	C. 26	**Lethbridge**
	C. 5	Warner
	C. 8	Foremost
	M.D. 1	Medicine Hat
	M.D. 14	Taber
	M.D. 26	Claresholm
	C. 2	Vulcan
	C. 4	Brooks
②	M.D. 31	High River
	C. 16	Strathmore
	M.D. 44	Calgary
	C. 17	**Didsbury**
	M.D. 48	Three Hills
	S.A. 3	Oyen
	S.A. 2	Hanna
	M.D. 47	Morrin
④	C. 6	Stettler
	C. 18	Castor
	C. 29	Sedgewick
	C. 23	**Red Deer**
	C. 14	Lacombe
	C. 3	Ponoka
	C. 10	Wetaskiwin
	C. 22	Camrose
⑤	C. 9	Ryley
	C. 27	**Vegreville**
	C. 24	Kitscoty
	C. 19	*St. Paul
	M.D. 52	Provost
	M.D. 61	Wainwright
	M.D. 87	*Bonnyville
	C. 13	*Smoky Lake
	C. 21	Two Hills
	C. 30	Lamont
⑥	C. 25	Leduc
	C. 7	Thorhild
	M.D. 90	Morinville
	M.D. 92	Westlock
	C. 11	**Barrhead**
	C. 28	Sangudo
	I.D. 14	*Evansburg
	C. 12	Athabasca
⑦	M.D. 130	**Falher**
	M.D. 135	Grimshaw
	M.D. 136	**Fairview**
	I.D. 22	Manning
	M.D. 133	Spirit River
	C. 1	Grande Prairie
	I.D. 17	*High Prairie
	I.D. 16	*Valleyview
	I.D. 23	*Fort Vermillion



*These offices were open half-days only, Regional Offices in boldfaced type.

C.–County, M.D.–Municipal District, I.D.–Improvement District, S.A.–Special Area

Alberta Hail and Crop Insurance Corporation

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Directors' Report

Fiscal Year Ending March 31, 1986

The Alberta Hail and Crop Insurance Corporation is a crown corporation of the Province of Alberta which was established under the authority of the Hail and Crop Insurance Act (1969) being Chapter H-1 R.S.A. 1980. This Act which became effective on April 1st, 1969 provided for the merger of the Alberta Hail Insurance Board and the Alberta Crop Insurance Corporation. Since the merger the Corporation has administered two separate insurance programs: Hail Insurance and "All-Risk" Crop Insurance.

The Alberta Hail and the Canada-Alberta Crop Insurance programs, although administered by one staff, have been operated quite separately. The need for this separation is apparent from the fact that the Hail Insurance program is self-sustaining and receives no government subsidies, whereas all administrative costs of the Crop Insurance program are paid by the Government of Alberta and, in addition, the Government of Canada pays one-half of the overall premium costs.

While administration and adjusting for both programs are carried out by the same employees, resulting in considerable operating efficiencies, a separate accounting of all expenses is kept for each plan. Wherever possible, expenses are allocated directly to each program. Unallocated costs are apportioned on the basis of the number of contracts in force in a given year. For the 1985-86 fiscal year, unallocated costs were shared on the basis of 23% to hail insurance and 77% to crop insurance.

Activities of the Board of Directors

In conducting the affairs of the Corporation the Directors held twelve regular monthly meetings. All meetings were held in the Corporation's offices in Lacombe with the exception of the July meeting which was held in the Peace River District and the January meeting which was held in Edmonton.

The July meeting in the Peace River area was held in conjunction with a series of public meetings at High Level, Grimshaw, Spirit River, Clear-dale, Beaverlodge, and Valleyview. These meetings were intended to provide the district farmers with a better understanding of the Corporation's insurance programs. The January meeting was held in Edmonton to provide the Directors with the opportunity to attend portions of the Annual Meeting of Unifarm. At this time a joint meeting was held between the Corporation's Directors and the Directors of the Alberta Grain Commission so as to provide each group with an opportunity to better understand the other's problems. Following the February Board Meeting the Directors met with the Agricultural Caucus Committee of the Alberta Legislature, to provide the Members of the Legislature with an update of the Corporation's insurance programs and an opportunity to discuss inherent problems.

In addition to the regular and special meetings, the Board was fully represented at the Western Regional Crop Insurance Conference on June 24 and the National Crop Insurance Conference on June 25, 26, and 27 in Ottawa.

The Western Regional Meeting, which is held annually, is convened to provide the crop insurance authorities of the Western Region an opportunity to discuss problems common to the region. The National Crop Insurance Conference is called every second year to provide the representatives from all the provinces of Canada, the Crop Insurance Division of Agriculture Canada and Federal Crop Insurance Corporation of the United States the opportunity to meet and discuss problems common to these administrations. This particular National Conference was hosted by the Government of Canada in recognition of the 25th anniversary of Crop Insurance in Canada. The theme of this meeting was "Helping Canada Grow" which was forcefully demonstrated by the update reports presented at the meeting by the ten provinces and Agriculture Canada.

The 1985-86 insurance season proved to be even more demanding upon the wisdom and energies of the Corporation's Directors and Staff than the 1984-85 season, which was one of the worst on record. The devastating losses inflicted upon crops over a large portion of the province by drought, hail, grasshoppers, cutworms and winterkill in the fall seeded crops added to the serious losses of 1984-85, which completely exhausted the cash reserves of the Corporation, and forced it to draw heavily upon the Reinsurance programs of both the province and the Government of Canada.

The combination of the problems created by the unparalleled crop losses of 1984 and 1985 caused the provincial government to call for a review of crop insurance in Alberta, and the closing months of the 1985-86 fiscal year were spent in structuring procedures for this review to take place in the summer and fall of 1986.

Once again the Directors extend their appreciation to the management and staff of the Corporation for an extraordinary effort under extremely difficult circumstances.

Regional and District Offices

In the 1985-86 fiscal year, the Corporation continued to operate service offices at fifty-three (53) centres in Alberta. Seven of these district offices were also designated as Regional Offices from which the affairs of the Corporation for the region were administered. These offices are listed on page 2 of this report.

Alberta Hail Insurance Program

The Hail Insurance Program offers farmers protection against crop loss caused by the single hazard of hail on all crops grown in Alberta. Most crops can be insured to the maximum of $125.00 per acre. This coverage is available to all farmers in Alberta and may be purchased singly or in addition to the coverage available under other crop insurance programs.

The 1985 Hail Insurance Season

Hail Insurance sales in 1985 amounted to $250,709,949 of actual risk written with $15,934,563 of premium income being generated, which was slightly less than the business written in 1984 of $254,794,517 of risk and $15,992,212 of premium. This decrease was undoubtedly due to the unfavorable crop conditions which prevailed over southern and central portions of the province and the Peace River region.

In establishing premiums for the coming year, rates were increased in 152 townships and decreased in 195 townships. The combined impact of these changes, when applied to the 1985 business written, was an overall net decrease in premiums charged under the hail insurance program and the hail endorsement to the crop insurance program of $61,935 or a net percentage decrease of .09%.

Hail losses under the hail insurance program alone in 1985 totalled $7,768,751 or 48.75% of the year's premium income, which is considerably less than the 48-year average annual experience of 73.46%. Hail was recorded on 41 days as compared to the 48-year average of 51 days. The decrease in the number of days with hail in 1985 compared to 1984 resulted in the adjusting staff inspecting only 1,137 claims under this program in 1985, as compared to 2,025 in 1984.

Premium Refund

Because of a favorable loss to premium experience in 1985, the Corporation was able to refund 25% of the hail insurance premium to those non-claimant policyholders and 10% of premium to those policyholders with claims whose accounts were paid in full by March 31 of 1986. These refunds amounted in total to $3,610,200 in the 1985-86 fiscal year to those policyholders who had purchased hail insurance from the Corporation in 1985.

Reserves

The total reserves for hail insurance were increased by $4,688,189 during the 1985-86 fiscal year to a revised total of $17,517,698.

Reinsurance Treaty

A new and improved reinsurance treaty, which was negotiated with Universal Reinsurance Intermediaries Ltd. in the 1983-84 fiscal year, became effective in 1984 and was extended to 1985. Since the treaty calls for reinsurance to cover losses beyond 100% of the "Gross Net Premium", no payment was received in 1985 as the total losses did not exceed this level.

Chronological Summary of the Major Hail Storms in Alberta in 1985

June 24 —Sedgewick
June 28 —Hythe to Clairmont
July 11 —Two Hills, Leslieville to Halkirk, Castor to Altario
July 12 —Carseland to Gleichen, Blackie to Scandia, Schuler
July 14 —Eaglesham to McLennan
Aug. 4 —Eckville to Vermilion, St. Paul
Aug. 16 —Pincher Creek to Cardston, Barons
Aug. 30 —Mirror to Stettler, Delia
Sept. 22 —Camrose to Forestburg

Canada-Alberta Crop Insurance Program

The Crop Insurance program is a plan which offers farmers a guarantee that regardless of the weather, they will receive a minimum return from their insured crops. It is intended to take much of the risk out of farming and to enable the farmer to plan ahead confident that his income in any year will not drop below a certain level. In most cases, the guarantee to an insured is closely related to his costs of production.

The Crop Insurance program provides protection against crop loss caused by all of the natural hazards. An insured farmer is guaranteed a specified number of bushels of a specified grade for each insured crop on the farm unit. If production falls below the insurance coverage, the insured is paid the difference at a pre-selected dollar value per bushel.

The Crop Insurance program also provides protection against hail on a spot-loss basis through an endorsement to the basic policy. Through this endorsement, the insured may receive payment for a loss on any part of each insured crop.

The Government of Canada provides financial assistance to the Canada-Alberta Crop Insurance Program by contributing 50 percent of the total premium required each year. The federal government's contribution to this program totalled $59.80 million for 1985. The Government of Alberta contributes all of the administrative costs, plus a premium subsidy in high risk areas, which together totalled $11.42 million in 1985.

1985 Crop Conditions

At the beginning of the 1985 crop season conditions throughout most of the province were generally better than for several seasons and good planting conditions prevailed in most areas. The spring harvest in Alberta's northwest went very well and yielded good quality grain. With the dry conditions in 1984 in the southern portion of the province and the early snowfall in the Peace River region, extra effort was put into a potentially good year. In all, a record 18.5 million acres were seeded to the major cereal and oilseed crops.

While moisture conditions in the south were much improved over 1984, wind erosion, winterkill to the fall-seeded crops and cutworms caused extensive damage in the early part of the season. From this point on, every possible hazard created havoc to the 1985 grain crop. Drought, wind damage, grasshoppers, cutworms, hail, early frost, snow and a very unfavorable harvest season all contributed to a discouraging year for many of Alberta's farmers. It is estimated that 1.8 million acres were lost to drought. About 20% of this acreage was cut for feed and the remainder was lost completely. Many crops were too short to harvest and others were plowed under early in the season. At the end of July, Lethbridge had only 36% of normal precipitation but by the end of the season the area had received 97% of normal. This story is similar in many areas of the province. Most areas had normal precipitation for the year but at the wrong time. The Peace River district experienced heavy snow in the early fall and many crops remained unharvested until spring.

The untimely precipitation in 1985 had a severe impact on grades. Only 28% of the hard red spring wheat reached the top two grades, with 21% being graded as feed, 42% of the soft white spring wheat fell into the feed grade, and only 25% of the durum wheat reached the top two grades. Seventy-three percent of the barley crop graded No. 1 Feed, with a further 18% grading No. 2 Feed. The oilseed crops graded reasonably well even though yields were far below normal.

The Alberta Wheat Pool estimates 1985 provincial per acre yields as follows: Spring Wheat - 652 kgs (23.9 bus.), Soft White Spring Wheat - 1,689 kgs (62.1 bus.), Winter Wheat - 512 kgs (18.8 bus.), Durum Wheat - 502 kgs (18.5 bus.), Oats - 859 kgs (55.7 bus.), Barley - 914 kgs (42.0 bus.), Flax - 387 kgs (15.2 bus.), Fall Rye - 572 kgs (22.5 bus.), and Canola - 407 kgs (17.9 bus.).

Drought Assistance Programs

Because a large portion of the province of Alberta had suffered severe losses in both 1984 and 1985 from the effects of drought conditions the Government of Alberta implemented two emergency programs to assist crop insurance policyholders over the severe impact of these extreme conditions upon their crop insurance coverage. It was also felt that policyholders should be encouraged to salvage whatever production possible for livestock feed rather than to turn these crops under early in the season.

To meet the foregoing conditions, the Crop Insurance Coverage Restoration Program and the Temporary Revised Guidelines Program were put into place.

The Coverage Restoration Program guaranteed the policyholder that his crop insurance coverage in 1985 and in 1986 would not be reduced below his 1984 level because of his poor experience in 1984 and 1985. The Temporary Revised Guidelines Program was designed to provide the policyholder with an increase in his allowance for crops with a low yield potential or low harvested yield. These allowances applied to crops harvested, cut for feed, worked down or abandoned. The total cost of these programs was absorbed by the Government of Alberta as it was felt that to build them into the Crop Insurance program would substantially increase premium rates.

The 1985 Crop Insurance Season

Participation in the Crop Insurance program in 1985 showed a 6.8% increase from 1984 in terms of the number of contracts in effect and a 14.1% increase in terms of the eligible acreage insured. The total liability

assumed by the basic crop insurance program rose to a record high level of $863,035,069. Indemnity payments of $218,023,297 were made on 18,135 claims generated under the basic program. When related to the total premium income for the year of $70,660,671 a loss to premium experience of 324.09% was indicated under the basic program, which is by far the greatest loss experience since the program's inception in 1965.

The total losses paid in 1985 under the basic crop insurance program and its related endorsements were as follows:

	Number of Claims	Losses
Basic Crop Insurance Program	18,135	$218,023,297
Hail Endorsement	2,964	23,540,532
Unseeded Acreage Endorsement	1	2,609
Reseeding Benefit	851	1,334,775
Winterkill Benefit	824	4,173,807
Hay and Pasture Insurance	1,152	7,444,301
Honey Insurance Program	71	1,441,991
Alfalfa Insurance Program	105	566,500
	24,103	$256,527,812

Changes in the Crop Insurance Program

Changes in the Crop Insurance program for 1985 may be summarized as follows:

(1) Price Options

Price options per kilogram upon which premiums and indemnities were paid in 1985 were as follows:

	Non-pedigreed		Pedigreed	
Grain Crops	**Option #1**	**Option #2**	**Option #1**	**Option #2**
	(Dollars per kilogram)			
Spring Wheat	.12	.15	.14	.18
Durum Wheat	.12	.15	.14	.18
Utility Wheat	.11	.14	.13	.17
Winter Wheat	.11	.14	.13	.17
Soft Spring Wheat	.11	.14	.13	.17
Oats	.08	.10	.09	.12
Barley	.09	.12	.10	.14
Mixed Grain	.08	.10	—	—
Rye (Spring and Fall)	.08	.13	.09	.16
Canola (Rapeseed)	.20	.28	.26	.36
Mustard	.17	.25	.22	.33
Flax	.20	.28	.26	.36

Special Crops	**Option #1**	**Option #2**
Grain Corn	$.123/kg	$.158/kg
Seed Peas	$ .20/kg	$ .24/kg
Dry Beans	$ .37/kg	$ .49/kg
Dryland Potatoes	$88/tonne	$110/tonne
Irrigated Potatoes	$88/tonne	$110/tonne
Pedigreed Seed Alfalfa	$1.65/kg	$2.43/kg
Pedigreed Seed Fescue	$ .61/kg	$ .77/kg

Vegetable Crops	**Option #1**	**Option #2**	**Option #3**
	(Coverage in Dollars Per Acre)		
Peas	$319.95	$342.80	$365.65
Beans	$310.65	$332.80	$355.00
Corn	$248.40	$266.15	$283.90
Carrots	$345.65	$374.45	$403.25

(2) New Crops Added

Coverage was extended to sugar beets in 1985. However, since no contract was in effect between the growers and the processor, this program did not become operational. Coverage was also extended to sunflowers grown for both the oilseed and the confectionary markets.

(3) Coverage Adjustment Schedule

The coverage adjustment schedule for insureds who had received loss payments in two of the last three years was revised in 1985 to lessen the amount of reduction that would take place as a result of the second loss in the last three years. As a result of this change most farmers with a claim in both 1984 and 1985 would not have their coverage lowered below the basic level unless their losses were very large relative to the premium paid.

(4) Soil Classifications

Major changes were made in the soil classifications in a number of the municipalities and counties in 1985 as new assessments became available for use in these areas.

(5) Transfer of Experience

The regulations pertaining to the transfer of experience from one contract to another were revised in 1985 to limit these transfers to the following:

(a) the spouse of a deceased policyholder;
(b) a person whose name appears on the contract but only for those years that the name appears on the contract;
(c) partners of a contract when the partnership dissolves.

Hay and Pasture Program

There was no expansion made in the area covered by the Hay and Pasture Insurance Program in 1985, because problems within the program were in need of further study. However, it was agreed that the program be expanded for 1986 to cover all that portion of the province south of and including the Counties of Wetaskiwin, Camrose, Beaver, Minburn and Vermilion River.

Production for this program is calculated using rainfall data submitted by policyholders and rainfall, temperature and sunshine records from official weather stations. This is done on a daily basis by taking into account the soil moisture and the heat units available for growth. Total production during the growth period is expressed as a percentage of the long-term normal production and then averaged by one-quarter townships.

The research project relative to the Hay and Pasture program, which was initiated by the Corporation in 1983, was continued in 1985. This project is intended to measure the impact of weather upon forage growth, particularly when it is under stress due to the lack of moisture and subjected to strong winds. It is also intended that this impact will be measured as it relates to the various kinds of forage. This project is being conducted at the Alberta Horticultural Station at Brooks, with some test plots being located at Lacombe.

Considerable study was given to the development of a Livestock Feed Security Program in 1985 based on a similar program presently in operation in Manitoba, and it was decided to offer the program to livestock producers in 1986. This program will enable producers to insure their hay crops or to select the amount of coverage per animal unit that will cover their forage requirements for their animal herds.

The Corporation embarked on a bale-weighing program in 1985 so as to more closely monitor the results of the computer model and to provide more accurate information as to the long-term average yields of the areas being provided with this coverage. It is expected that this activity will be expanded in 1986.

The Summary of Experience for the Hay and Pasture Insurance Program for 1985 and the two previous years is as follows:

	1985	1984	1983
Policyholders	1,135	1,107	607
Acres Insured	221,223	196,752	106,229
Actual Liability	$13,410,060	$11,040,575	$5,805,135
Total Premiums	$ 1,768,569	$ 1,523,535	$ 755,111
Number of Claims	1,135	965	574
Total Awards Paid	$ 7,444,301	$ 3,862,309	$1,718,120
Loss/Premium Ratio	420.92%	253.51%	227.53%
Loss/Risk Ratio	55.51%	34.98%	29.60%

Alfalfa Insurance Program

A program to provide coverage for alfalfa grown for pelleting was continued in 1985. This program is based in the Falher area where 29,192 acres were under contract to two pelleting plants. Coverage of $36.90 or $45.50 per acre for a premium of $5.80 or $7.20 was available to the producer in 1985.

A Summary of Experience for 1985 is as follows:

Policyholders	126
Actual Risk	$1,328,236
Acres Insured	29,192
Net Premium	$ 202,593
Total Claims Paid	$ 565,200
Loss/Premium Ratio	278.98%
Loss/Risk Ratio	42.55%

Special Assistance to High Risk Areas

The Province of Alberta continued in 1985 to pay all of the farmer's crop insurance premium which is in excess of a 6% premium rate for crops insured at the 60% level of coverage and 8% for crops insured at the 70% level of coverage. This subsidy is reflected in lower premium rates to farmers in those areas where the need for protection is the greatest. In 1985 the insurance premiums on 2,787,724 acres were subsidized under the agreement to a total of $4,389,064. The total amount of provincial subsidy paid to date under this program is $22,082,701.

Hail Insurance Endorsement

Spot-loss hail insurance was again offered in 1985 as an endorsement to the crop insurance contract. This coverage was available to contractholders who had elected the endorsement prior to May 1st on those crops listed on the Report of Seeded Crops.

The 1985 hail endorsement was elected by 21,457 contractholders for a total liability of $754,217,601. A total premium of $46,820,851 was generated and indemnities of $23,475,022 were paid to 2,746 claimants. The loss to premium experience under this endorsement of 50.14% for 1985 was somewhat lower than the long-term experience of 73.90%. The experience under this program for 1985 and for previous years is detailed under Appendix B of this report.

Honey Insurance Program

A program to provide insurance coverage for honey production was initiated by the Corporation in 1982 and continued through 1985. Coverage based on either 70% or 80% of the five-year average yield for the district concerned was offered in 1985 at an insured value of 50¢ per pound. In this program the producer assumes the risk for the first 65 pounds of production. Premium for this insurance in 1985 ranged from 3.75% to 8% at the 70% level of coverage and from 5% to 10.5% at the 80% level. Prior to 1985 the Province of Alberta contributed an amount equal to the producers' premiums and paid all the administrative costs of this program because the Government of Canada did not participate. However, in 1985 the Government of Canada decided to participate in the honey program as it does under the other crop insurance programs, which left the province with responsibility for the administrative costs only.

A Summary of Experience for 1985 is as follows:

Policyholders	99
Number of Hives Insured	97,437
Actual Risk	$2,741,133
Net Premium	$ 354,822
Number of Claims Paid	72
Total Indemnities	$1,453,779

Alberta Hail and Crop Insurance Corporation

Financial Statements

March 31, 1986

Auditor's Report

Balance Sheet

Statement of Revenue, Expenditure and Reserve - Crop Insurance

Statement of Revenue, Expenditure and Reserve - Hail Insurance

Notes to the Financial Statements

Schedule of Administration Expenses - Crop Insurance

Schedule of Administration Expenses - Hail Insurance

Schedule of Trust Assets and Liabilities

Schedule of Trust Revenue, Expenditure and Unexpended Funds

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Hail and Crop Insurance Corporation

I have examined the balance sheet of the Alberta Hail and Crop Insurance Corporation as at March 31, 1986 and the statements of revenue, expenditure and reserve - crop insurance and revenue, expenditure and reserve - hail insurance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald R. Salmon C.A.
Auditor General

Edmonton, Alberta
July 9, 1986

BALANCE SHEET
As at March 31, 1986

	1986	1985
ASSETS		
General		
Current:		
Cash	$ 574,342	$ 438,453
Short-term investments (Note 5)	28,866,060	8,999,000
Accounts receivable	1,905,849	1,228,161
Due from reinsurance funds, net (Note 6)	154,782,925	181,486
Accrued interest receivable	723,632	240,635
Prepaid expenses	27,368	27,850
Due from Wildlife Damage Fund	181,002	122,321
	187,061,178	11,237,906
Long-term investments (Note 5)	6,517,123	6,737,973
Fixed:		
Automobiles	109,063	102,355
Furniture and equipment	410,811	353,469
	519,874	455,824
	194,098,175	18,431,703
Trust		
Schedule 3	10,644,632	1,418,729
	$204,742,807	$19,850,432

The accompanying notes are part of these financial statements

	1986	1985
LIABILITIES		
General		
Current:		
Accounts payable	**$ 170,582**	$ 97,353
Salaries and commissions payable	**416,218**	598,506
Estimated indemnities payable	**9,834,200**	4,320,000
Due to Province of Alberta	**430,267**	130,511
Premium refunds payable	**3,609,336**	–
Advances from the Province of Alberta (Note 4)	**161,600,000**	–
	176,060,603	5,146,370
Capital surplus	**519,874**	455,824
Hail Insurance Reserve	**17,517,698**	12,829,509
	194,098,175	18,431,703
Trust		
Schedule 3	**10,644,632**	1,418,729
	$204,742,807	$19,850,432

STATEMENT OF REVENUE, EXPENDITURE AND RESERVE - CROP INSURANCE
For the Year Ended March 31, 1986

	1986	1985
REVENUE		
Premiums charged to insured persons	**$ 56,441,190**	$ 46,348,004
Province of Alberta contributions (Note 7)	**4,390,103**	4,142,846
	60,831,293	50,490,850
Government of Canada contributions (Note 3 (i))	**59,802,601**	49,895,097
	120,633,894	100,385,947
Less amounts ceded (Notes 3(ii) and 6):		
Crop Reinsurance Fund of Canada for Alberta	**17,940,780**	7,484,265
Crop Reinsurance Fund of Alberta	**17,940,780**	7,484,265
	35,881,560	14,968,530
	84,752,334	85,417,417
Investment income	**3,112,952**	7,618,095
	87,865,286	93,035,512
EXPENDITURE		
Indemnities	**266,764,778**	208,599,094
Administration expenses, Schedule 1	**7,028,147**	6,620,211
	273,792,925	215,219,305
Deficit for the year before recoveries	**(185,927,639)**	(122,183,793)
Less amounts recovered:		
Recoveries from reinsurance funds (Notes 3(iii) and 6)	**178,899,492**	29,907,743
Administration expenses recovered from the Province of Alberta (Note 8)	**7,028,147**	6,620,211
	185,927,639	36,527,954
Unrecovered deficit for the year	**–**	(85,655,839)
Reserve at beginning of year	**–**	85,655,839
Reserve at end of year	**$ –**	$ –

STATEMENT OF REVENUE, EXPENDITURE AND RESERVE - HAIL INSURANCE
For the Year Ended March 31, 1986

	1986	1985
REVENUE		
Premiums charged	**$16,516,253**	$16,335,561
Deduct:		
Reinsurance costs	**385,392**	356,670
Cash discounts allowed	**357,999**	343,349
Premium refunds	**3,610,200**	(3,744)
	4,353,591	696,275
Premiums, net	**12,162,662**	15,639,286
Investment income	**1,887,268**	1,485,593
	14,049,930	17,124,879
EXPENDITURE		
Indemnities	**7,355,696**	15,265,006
Administration expenses, Schedule 2	**2,006,045**	2,037,816
	9,361,741	17,302,822
Surplus (deficit) for the year	**4,688,189**	(177,943)
Reserve at beginning of year	**12,829,509**	13,007,452
Reserve at end of year	**$17,517,698**	$12,829,509

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1986

Note 1 Authority

The Alberta Hail and Crop Insurance Corporation operates under the authority of the Hail and Crop Insurance Act, Chapter H-1, Revised Statutes of Alberta 1980.

Section 35(5) of the Act permits the Provincial Treasurer to make advances from the General Revenue Fund to the Corporation equal to an amount which will be paid by the Government of Canada to the Government of Alberta in accordance with the crop insurance program agreement (see Note 3) and to a total amount not exceeding $30,000,000.

During the year advances from the General Revenue Fund amounting to $161,600,000 were made to the Corporation to finance the excess of crop indemnities over crop insurance reserves (see Note 3(iii)) pending reimbursement from the reinsurance funds of Canada and Alberta.

It would appear that the amount by which the advances referred to in the preceding paragraph caused the $30,000,000 limit to be exceeded represents advances which may be in contravention of the legislative authority.

Note 2 Significant Accounting Policies and Reporting Practices

(i) These financial statements have been prepared in accordance with generally accepted accounting principles except that no depreciation has been provided on fixed assets as purchases are charged to operations in the year of acquisition. Fixed assets are shown on the balance sheet at cost with a corresponding credit shown as capital surplus.

(ii) Other significant accounting policies are as follows:

(a) **Crop Insurance Fund**

All premiums on policies sold during the year are included as premium revenue of the year. Contributions by the Province of Alberta towards the premium costs of insured persons are included as revenue of the year the policy is sold.

Contributions by the Government of Canada matching crop insurance premiums collected from insured persons are included as income of the year the premiums are collected. Amounts ceded to or recovered from the Crop Reinsurance Fund of Canada for Alberta and the Crop Reinsurance Fund of Alberta are included as a deduction from revenue or expenditure of the year the requirement to cede or the entitlement to recover arose.

(b) **Hail Insurance Fund**

All premiums on policies sold during the year are included as premium revenue of the year.

(c) **Trust Funds**

The Corporation is responsible for the administration of various agricultural related programs of the Province of Alberta or of the Province of Alberta and the Government of Canada in addition to the Hail Insurance program and the Crop Insurance program. These are regarded as incidental to the main business of the Corporation, are grouped under the heading 'Trust Funds', and are summarized on Schedules 3 and 4.

(d) **Changes in Financial Position**

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Crop Insurance Program

An agreement between the Province of Alberta and the Government of Canada entered into pursuant to section 43 of the Hail and Crop Insurance Act provides:

(i) for contributions to be made by the Government of Canada matching the crop insurance premiums collected from insured persons,

(ii) that payments will be made to the Crop Reinsurance Fund of Alberta and the Crop Reinsurance Fund of Canada for Alberta based on crop insurance premiums collected plus the matching amounts received or receivable from the Government of Canada,

(iii) that crop indemnities in excess of crop insurance reserves will be drawn from the Crop Reinsurance Fund of Alberta and the Crop Reinsurance Fund of Canada for Alberta, in accordance with a formula set out in the agreement for dividing any such excess between the Province of Alberta and the Government of Canada.

Note 4 Advances from the Province of Alberta

When necessary, the Province of Alberta provides interim funding to the Corporation to facilitate the payment of indemnities. These funds are recovered in future years from the Reinsurance Fund of Canada for Alberta and the Reinsurance Fund of Alberta.

Note 5 Investments

Investments are recorded at amortized cost and are summarized as follows:

	1986		1985	
	Short-term	**Long-term**	Short-term	Long-term
Bonds and debentures:				
Government of Canada direct and guaranteed	**$ –**	**$1,317,000**	$ –	$1,317,000
Provincial direct and guaranteed	**209,980**	**3,638,589**	100,000	3,842,486
Municipal	**–**	**–**	99,000	–
Corporate	**–**	**1,178,534**	–	1,178,487
Guaranteed investment certificates and term deposits	**28,656,080**	**383,000**	8,800,000	400,000
	$28,866,060	**$6,517,123**	$8,999,000	$6,737,973
Approximate market value at March 31	**$28,901,104**	**$6,649,409**	$8,992,994	$6,034,585

Note 6 Due from Reinsurance Funds

(a) The amounts due from the reinsurance funds are made up as follows:

	Reinsurance Fund of Alberta	**Reinsurance Fund of Canada for Alberta**	**1986 Total**	**1985**
Recoveries required	$ 61,410,691	$117,488,801	**$178,899,492**	$ 29,907,743
Recoveries received	23,852,720	–	**23,852,720**	20,000,000
Recoveries receivable	37,557,971	117,488,801	**155,046,772**	9,907,743
Amounts ceded	17,940,780	17,940,780	**35,881,560**	14,968,530
Payments thereon	17,800,000	17,817,713	**35,617,713**	5,242,273
Payable	140,780	123,067	**263,847**	9,726,257
Net receivable	$ 37,417,191	$117,365,734	**$154,782,925**	$ 181,486

(b) The balances in these funds, as at March 31, are as follows:

	Reinsurance Fund of Alberta	**Reinsurance Fund of Canada for Alberta**	**1986 Total**	**1985**
Opening surplus	$ 23,852,720	$ 53,717,971	**$ 77,570,691**	$ 92,509,904
Current year contributions	17,940,780	17,940,780	**35,881,560**	14,968,530
	41,793,500	71,658,751	**113,452,251**	107,478,434
Recoveries by the Corporation	61,410,691	117,488,801	**178,899,492**	29,907,743
Closing surplus (deficit)	$(19,617,191)	$ (45,830,050)	**$ (65,447,241)**	$ 77,570,691

Note 7 Province of Alberta Contributions - Crop Insurance Fund

In accordance with Crop Insurance Regulations proclaimed pursuant to the Hail and Crop Insurance Act, the Province of Alberta pays the insured person's portion of premium costs in excess of a stipulated percentage of the dollar coverage on grain and oilseed crops.

In the prior year, the Province of Alberta matched the premiums charged to persons insuring their honey crop with the Corporation, amounting to $219,267, as part of a program initiated in 1982. Effective April 1, 1985, the Crop Insurance Program Agreement was amended to include insurance of a honey crop and the Province ceased to make matching contributions.

Note 8 Administration Expenses

Pursuant to section 35(3) of the Hail and Crop Insurance Act, all administration expenses relating to the crop insurance program have been paid by the Province of Alberta. Certain of these costs were common to the crop insurance and hail insurance programs and have been allocated to each on the basis of the number of insurance contracts processed in the year. Certain office accommodations have been provided by the Province of Alberta at no charge.

Note 9 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

Note 10 Approval of Financial Statements

These financial statements have been approved by management.

Schedule 1

SCHEDULE OF ADMINISTRATION EXPENSES - CROP INSURANCE

For the Year Ended March 31, 1986

	1986	1985
Adjusters' wages and expenses	**$3,016,228**	$2,882,750
Salaries and employee benefits	**2,373,495**	2,188,888
Fieldmen's wages and expenses	**275,855**	363,229
Data processing	**233,908**	220,051
Advertising	**182,105**	132,469
Printing, stationery and office supplies	**155,973**	154,165
Collection commissions and expenses	**150,658**	156,892
Directors' fees and expenses	**111,521**	90,696
Postage and freight	**107,814**	84,241
Office rental costs	**93,570**	85,710
Research	**71,121**	39,702
Grain grading costs	**64,820**	35,865
Telephone	**64,459**	58,924
Furniture and equipment	**49,076**	70,612
Travel and automobile expenses	**44,585**	45,289
Crop insurance review	**17,500**	–
Miscellaneous	**15,459**	10,728
	$7,028,147	$6,620,211

Schedule 2

SCHEDULE OF ADMINISTRATION EXPENSES - HAIL INSURANCE

For the Year Ended March 31, 1986

	1986	1985
Agents' commissions	**$1,130,301**	$1,212,670
Salaries and employee benefits	**347,061**	361,486
Adjusters' wages and expenses	**234,641**	180,449
Data processing	**71,989**	68,644
Advertising	**68,999**	64,842
Collection commissions and expenses	**39,517**	30,753
Directors' fees and expenses	**33,329**	30,232
Postage and freight	**27,602**	21,866
Printing, stationery and office supplies	**22,400**	25,844
Travel and automobile expenses	**11,028**	12,939
Furniture and equipment	**10,849**	20,803
Telephone	**3,080**	3,745
Miscellaneous	**5,249**	3,543
	$2,006,045	$2,037,816

Schedule 3

SCHEDULE OF TRUST ASSETS AND LIABILITIES

As At March 31, 1986

	Wildlife Damage Fund	Northern Drought Disaster Crop Advance Assistance Program	Alberta Crop Insurance Coverage Restoration Program	Low Appraisal Program	Total	
					1986	1985
ASSETS						
Cash	$ 359,681	$ –	$5,366,568	$ 207,292	**$ 5,933,541**	$ 161,958
Accrued interest receivable	16,091	–	–	–	**16,091**	944
Due from Province of Alberta	1,860,000	–	–	–	**1,860,000**	1,255,827
Due from Low Appraisal Program	–	–	2,835,000	–	**2,835,000**	–
	$2,235,772	$ –	$8,201,568	$ 207,292	**$10,644,632**	$1,418,729
LIABILITIES						
Accounts payable	$ 550	$ –	$ –	$ –	**$ 550**	$ 58,800
Estimated claims payable	1,860,000	–	880,000	890,000	**3,630,000**	1,200,000
Due to general	181,002	–	–	–	**181,002**	122,321
Due to Coverage Restoration Program	–	–	–	2,835,000	**2,835,000**	–
Due to Province of Alberta	194,220	–	–	–	**194,220**	–
Unexpended funds (deficiency)	–	–	7,321,568	(3,517,708)	**3,803,860**	37,608
	$2,235,772	$ –	$8,201,568	$ 207,292	**$10,644,632**	$1,418,729

Schedule 4

SCHEDULE OF TRUST REVENUE, EXPENDITURE AND UNEXPENDED FUNDS

As At March 31, 1986

	Wildlife Damage Fund	Northern Drought Disaster Crop Advance Assistance Program	Alberta Crop Insurance Coverage Restoration Program	Low Appraisal Program	Total	
					1986	1985
REVENUE						
Contributions from the Province of Alberta	$4,805,566	$ –	$31,500,000	$10,000,000	**$46,305,566**	$2,617,549
Interest income	29,928	5,276	628,121	130,895	**794,220**	42,072
Other	910	–	–	–	**910**	475
Advances recovered, net (a)	–	32,640	–	–	**32,640**	44,798
	4,836,404	37,916	32,128,121	10,130,895	**47,133,336**	2,704,894
EXPENDITURES						
Claims	4,638,921	–	24,802,018	13,646,944	**43,087,883**	2,476,985
Administration expenses	197,483	70,000	4,535	1,659	**273,677**	148,819
Contributions returned to the Province of Alberta	–	5,524	–	–	**5,524**	346,281
	4,836,404	75,524	24,806,553	13,648,603	**43,367,084**	2,972,085
Excess of revenue over expenditures	–	(37,608)	7,321,568	(3,517,708)	**3,766,252**	(267,191)
Unexpended funds at beginning of year	–	37,608	–	–	**37,608**	304,799
Unexpended funds at end of year (deficiency)	$ –	$ –	$ 7,321,568	$ (3,517,708)	**$ 3,803,860**	$ 37,608

(a) Advances to claimants were forgivable at the rate of 1/3 per year for each of the 3 crop years, 1983, 1984 and 1985, in which the claimant carried crop insurance with the Corporation. Advances to claimants were considered to be recoverable when the conditions of the advance were violated. Under certain conditions, recovered advances were refunded to claimants. Recoverable amounts are recognized in the accounts when received.

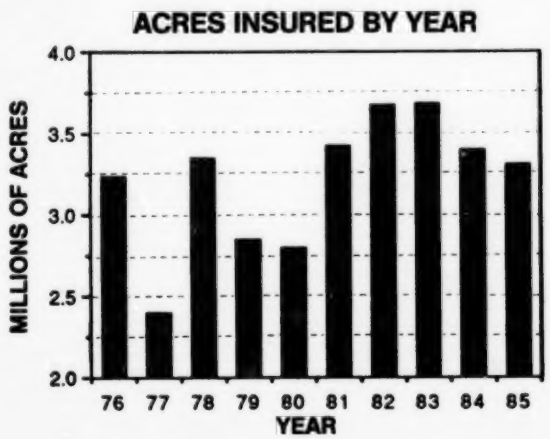
APPENDIX A

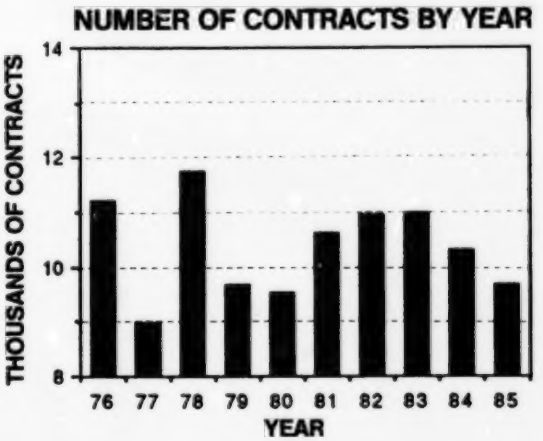
Alberta Hail Insurance Program

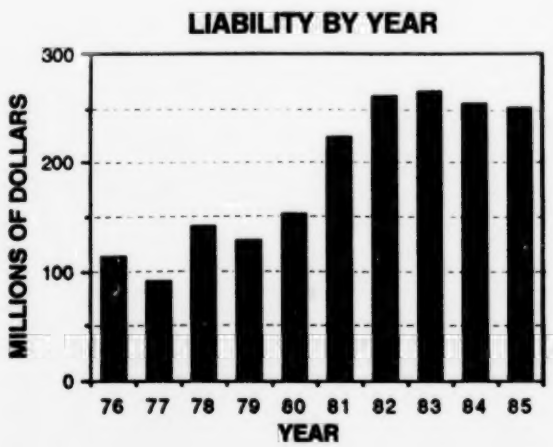
COMPARATIVE HAIL INSURANCE STATISTICS

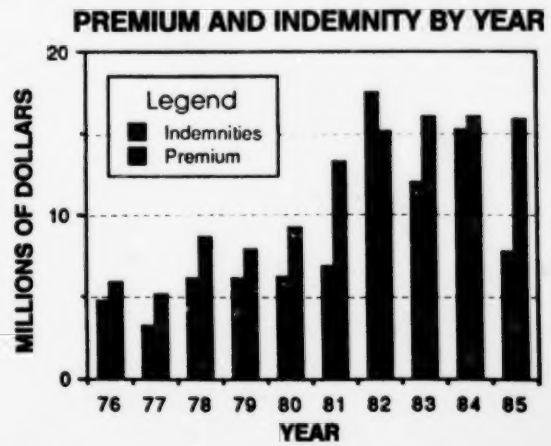
	1983	1984	1985	48-Year Average
Applications Received	11,014	10,322	**9,706**	–
Acreage Insured	3,692,440	3,393,799	**3,310,211**	2,463,610
Actual Risk Written	$267,131,353	$254,794,517	**$250,709,949**	$58,642,549
Net Premium Income	$ 15,983,238	$ 15,992,212	**$ 15,934,563**	$ 3,705,906
No. of Days with Hail	60	50	**41**	51
Claims Received	1,726	2,025	**1,137**	2 201
Awards Paid	$ 12,042,242	$ 15,265,005	**$ 7,768,751**	$ 2,722,285
Loss-to-Risk Ratio	4.51%	5.99%	**3.10%**	4.64%
Loss-to-Premium Ratio	75.34%	95.45%	**48.75%**	73.46%

Hail Insurance Program









APPENDIX B

Canada - Alberta Crop Insurance Program

COMPARATIVE CROP INSURANCE STATISTICS

1985 PARTICIPATION AND EXPERIENCE FOR

RISK AREA	NO. OF POLICIES	BASIC CROP ADJUSTED LIABILITY	BASIC CROP PREMIUM	NO. OF BASIC CROP CLAIMS PAID	BASIC CROP LOSSES PAID	BASIC CROP L/P RATIO	POLICYHOLDERS WITH HAIL ENDORSEMENT
1	1,457	$ 79,633,658	$ 6,983,027	1,386	$ 49,840,557	713.74%	1,340
2	1,387	69,566,995	5,181,785	1,133	23,887,325	460.99%	1,326
3	1,646	90,285,029	7,152,565	1,122	25,502,872	356.56%	1,570
4	1,472	60,370,431	4,089,462	967	11,669,003	285.34%	1,376
5	2,952	137,643,443	7,157,257	2,198	39,274,733	548.74%	2,794
6	2,134	77,069,541	3,382,888	1,062	14,641,424	432.81%	2,131
7	1,059	21,387,547	1,756,279	215	850,490	48.43%	1,042
8	4,219	139,655,262	9,580,566	1,848	14,340,774	149.69%	4,066
9	611	11,391,757	1,393,792	306	1,972,369	141.51%	547
10	1,103	20,135,422	2,185,241	307	1,238,322	56.67%	1,021
11	3,562	94,316,303	16,149,809	2,870	33,963,928	210.31%	2,567
12	1,633	58,973,251	5,249,396	1,329	18,508,598	352.59%	1,505
13	120	1,357,694	226,675	40	113,390	50.02%	115
14	76	1,248,736	171,929	44	339,849	197.67%	57
	23,431	$863,035,069	$70,660,671	14,827	$236,143,634	334.19%	21,457

CUMULATIVE EXPERIENCE FOR GRAIN, OILSEED, PEDIGREED AND SPECIALTY CROPS

RISK AREA	BASIC CROP ADJUSTED LIABILITY	BASIC CROP PREMIUM	BASIC CROP LOSSES PAID	BASIC CROP L/P RATIO
1	$ 456,890,338	$ 30,602,041	$105,679,933	345.34%
2	448,035,102	32,474,213	59,568,380	183.43%
3	499,153,906	47,514,404	62,677,075	131.91%
4	392,146,339	31,053,132	37,708,297	121.43%
5	1,073,567,374	60,317,867	100,819,285	167.15%
6	491,343,451	28,905,208	3,380,927	11.70%
7	124,623,592	10,915,104	10,202,514	93.47%
8	820,424,044	66,917,492	64,060,290	95.73%
9	76,588,010	12,125,925	9,208,335	75.94%
10	143,538,470	16,565,126	12,453,700	75.18%
11	501,101,391	84,608,421	90,292,665	106.72%
12	381,391,937	40,537,901	51,285,375	126.51%
13	7,691,432	1,408,217	885,578	62.89%
14	6,574,160	1,270,035	1,066,044	83.94%
	$5,423,069,546	$465,215,086	$609,288,398	130.97%

GRAIN, OILSEED, PEDIGREED AND SPECIALTY CROPS

HAIL ENDORSEMENT LIABILITY	HAIL ENDORSEMENT PREMIUM	HAIL ENDORSEMENT CONTRACTS PAID	HAIL ENDORSEMENT LOSSES PAID	HAIL ENDORSEMENT L/P RATIO	TOTAL PREMIUM	TOTAL LOSSES	TOTAL L/P RATIO
$ 66,787,013	$ 3,322,153	73	$ 858,681	25.85%	$ 10,305,180	$ 50,699,238	491.98%
60,345,762	3,102,116	135	2,224,652	71.71%	8,283,901	26,111,977	315.21%
80,687,925	4,314,562	111	1,899,542	44.03%	11,467,127	27,402,414	238.96%
55,152,180	3,806,676	264	4,091,726	107.49%	7,896,138	15,760,729	199.60%
122,887,731	9,629,315	174	1,838,229	19.09%	16,786,572	41,112,962	244.92%
72,452,511	7,265,259	396	4,432,003	61.00%	10,648,147	19,073,427	179.12%
20,114,505	1,161,986	181	482,854	41.55%	2,918,265	1,333,344	45.69%
127,703,165	7,743,701	888	5,357,029	69.18%	17,324,267	19,697,803	113.70%
10,374,321	445,084	33	58,836	13.22%	1,838,876	2,031,205	110.46%
18,347,259	1,021,045	116	266,886	26.14%	3,206,286	1,505,208	46.95%
66,201,055	2,559,900	291	1,357,132	53.02%	18,709,709	35,321,060	188.78%
51,512,240	2,362,163	63	575,972	24.38%	7,611,559	19,084,570	250.73%
1,120,374	67,202	21	31,480	46.84%	293,877	144,870	49.30%
531,560	19,689	0	0	0.00%	191,618	339,849	177.36%
$754,217,601	$46,820,851	2,746	$23,475,022	50.14%	$117,481,522	$259,618,656	220.99%

(1965-1985 Inclusive for Basic Crop, 1973-1985 Inclusive for Hail Endorsement)

HAIL ENDORSEMENT LIABILITY	HAIL ENDORSEMENT PREMIUM	HAIL ENDORSEMENT LOSSES PAID	HAIL ENDORSEMENT L/P RATIO	TOTAL PREMIUM	TOTAL LOSSES	TOTAL L/P RATIO
$ 343,500,408	$ 16,673,285	$ 10,716,493	64.27%	$ 47,275,326	$116,396,426	246.21%
308,822,522	14,296,975	1,317,360	9.21%	46,771,188	60,885,740	130.18%
379,363,259	18,871,137	17,767,454	94.15%	66,385,541	80,444,529	121.18%
271,586,428	16,354,881	18,881,192	115.45%	47,408,013	56,589,489	119.37%
730,264,109	53,844,258	30,547,492	56.73%	114,162,125	131,366,777	115.07%
379,995,868	33,967,059	30,568,501	89.99%	62,872,267	33,949,428	54.00%
97,832,484	5,606,711	4,320,082	77.05%	16,521,815	14,522,596	87.90%
577,596,272	29,752,999	30,485,053	102.46%	96,670,491	94,545,343	97.80%
53,766,536	2,049,759	1,383,107	67.48%	14,175,684	10,591,442	74.72%
95,138,125	5,085,204	3,336,781	65.62%	21,650,330	15,790,481	72.93%
292,888,731	10,876,063	5,365,006	49.33%	95,484,484	95,657,671	100.18%
281,245,086	12,504,402	7,892,155	63.12%	53,042,303	59,177,530	111.57%
5,651,240	314,592	167,185	53.14%	1,722,809	1,052,763	61.11%
3,265,575	104,173	50,985	48.94%	1,374,208	1,117,029	81.29%
$3,820,916,643	$220,301,498	$162,798,846	73.90%	$685,516,584	$772,087,244	112.63%

1985 SUMMARY OF EXPERIENCE FOR GRAIN AND OILSEED CROPS
(Excluding the Hail Endorsement)

CROP	– NON-PEDIGREED – PREMIUM*	LOSS	L/P RATIO	– PEDIGREED – PREMIUM*	LOSS	L/P RATIO
Spring Wheat	$23,202,289	$ 83,099,949	358.15%	$107,920	$ 275,428	255.21%
Oats	2,783,137	6,634,677	238.39%	24,073	24,576	102.09%
Barley	21,410,910	77,017,159	359.71%	208,976	486,976	233.03%
Flax	396,848	1,243,278	313.29%	29,060	50,602	174.13%
Fall Rye	190,074	846,899	445.56%	0	0	ERR
Rapeseed	14,387,465	34,529,930	240.00%	123,913	139,867	112.88%
Spring Rye	25,322	81,102	320.28%	0	0	ERR
Mustard	323,629	1,838,234	568.01%	1,323	8,244	623.13%
Mixed Grain	412,801	1,089,955	264.04%	0	0	ERR
Winter Wheat	1,649,881	8,852,799	536.57%	3,763	13,817	367.18%
Utility Wheat	655,776	2,542,552	387.72%	26,386	42,809	162.24%
Durum Wheat	2,626,873	14,284,742	543.79%	10,155	38,279	376.95%
Soft White Spring Wheat	1,454,700	1,114,217	76.59%	38,834	3,398	8.75%
TOTAL	$69,519,705	$233,175,493	335.41%	$574,403	$1,083,996	188.72%

*Includes Federal Contribution and Provincial High Risk Subsidies

1985 INSURED ACREAGE FOR GRAIN AND OILSEED CROPS

RISK AREA	SPRING WHEAT	OATS	BARLEY	FLAX	FALL RYE	SPRING RYE	RAPESEED
1	311,381	28,271	491,472	2,436	8,212	125	43,137
2	286,308	7,034	151,704	7,046	9,859	439	41,938
3	373,007	3,746	59,104	13,505	4,033	245	28,192
4	442,044	39,971	130,920	3,962	1,723	1,928	145,635
5	550,325	42,759	588,486	4,627	14,383	0	233,491
6	55,491	31,088	490,377	291	1,652	0	176,346
7	33,811	30,960	160,146	172	52	0	32,564
8	682,504	72,136	467,856	2,062	610	1,725	547,252
9	25,139	11,122	77,803	100	0	0	49,277
10	27,039	26,968	165,559	0	0	0	40,574
11	539,939	50,579	466,783	3,737	478	0	383,190
12	631,713	47,607	36,748	2,255	3,323	3,203	13,962
13	2,713	3,690	10,675	0	0	0	3,450
14	2,295	2,202	8,379	0	0	28	7,022
Province	3,963,709	398,133	3,306,012	40,193	44,325	7,693	1,746,030

CUMULATIVE EXPERIENCE FOR GRAIN AND OILSEED CROPS
(Excluding the Hail Endorsement)

CROP**	– NON-PEDIGREED – PREMIUM*	LOSS	L/P RATIO	– PEDIGREED – PREMIUM*	LOSS	L/P RATIO
Spring Wheat	$176,512,925	$225,308,019	127.64%	$202,817	$ 466,179	229.85%
Oats	23,662,232	26,866,011	113.54%	41,185	69,202	168.03%
Barley	146,495,192	207,391,427	141.57%	358,690	718,261	200.25%
Flax	3,412,545	4,668,526	136.80%	34,212	67,811	198.21%
Fall Rye	1,251,557	1,419,649	113.43%	268	0	0.00%
Rapeseed	83,627,192	109,101,067	130.46%	241,713	244,264	101.06%
Spring Rye	197,492	193,949	98.21%	0	0	ERR
Mustard	1,739,452	4,236,914	243.58%	1,615	11,835	732.82%
Mixed Grain	2,497,705	3,458,885	138.48%	0	0	ERR
Winter Wheat	3,998,908	11,420,287	285.59%	3,763	13,817	367.18%
Utility Wheat	2,876,613	5,967,556	207.45%	35,544	62,254	175.15%
Durum Wheat	10,926,975	28,544,271	261.23%	19,959	89,967	450.76%
Soft White Spring Wheat	4,181,184	3,928,573	93.96%	53,366	4,928	9.23%
TOTAL	$461,379,972	$632,505,134	137.09%	$993,132	$1,748,518	176.06%

**By Crops, Insurance was first offered as follows:

1965 – Wheat, Oats and Barley
1969 – Rapeseed
1971 – Flaxseed
1974 – Fall Rye
1975 – Winter Wheat, Spring Rye, Mustard and Mixed Grain
1976 – Utility Wheat
1980 – Durum Wheat
1982 – Soft White Spring Wheat
1984 – Pedigreed Seed

*Includes Federal Contribution and Provincial High Risk Subsidies

(Non-Pedigreed and Pedigreed)

MUSTARD	MIXED GRAIN	DURUM WHEAT	WINTER WHEAT	SWS WHEAT	UTILITY WHEAT	RISK AREA TOTAL
6,645	4,627	51,768	96,843	5,914	6,187	1,057,018
18,197	4,567	119,636	95,080	31,922	23,475	797,205
16,895	336	140,276	89,377	112,408	18,177	859,301
2,420	3,206	5,230	2,023	0	5,000	784,062
6,071	7,436	8,622	7,663	5,202	21,491	1,490,556
0	8,710	0	172	0	2,148	766,275
0	4,764	0	19	0	0	262,488
0	6,408	315	200	0	4,590	1,785,658
0	714	0	0	0	0	164,155
0	2,332	0	0	0	0	262,472
0	139	0	302	0	0	1,445,147
2,650	10,622	83,626	4,080	18,010	1,989	859,788
0	783	0	0	0	0	21,311
0	0	0	0	0	0	19,926
52,878	54,644	409,473	295,759	173,456	83,057	10,575,362

1985 SUMMARY OF

CROP	NUMBER INSURED	ACRES INSURED	BASIC PREMIUM*	BASIC LIABILITY	NO. OF LOSSES	BASIC LOSSES	BASIC L/P RATIO
Seed Peas	41	2,847	$ 41,083	$ 427,191	0	$ 0	0.00%
Dry Beans	66	5,969	12,708	1,249,496	17	107,074	842.57%
Potatoes	38	7,047	208,429	5,248,416	23	1,344,475	645.05%
Grain Corn	22	5,354	126,458	1,299,420	19	379,515	300.11%
PS Alfalfa	23	2,632	46,273	509,245	7	30,572	66.07%
PS Fescue	6	595	4,641	34,380	5	9,989	215.23%
Sunflowers	21	1,864	18,965	240,460	4	12,411	65.44%
	217	26,308	$ 458,557	$ 9,008,608	75	$1,884,036	410.86%

CUMULATIVE SUMMARY OF EXPERIENCE FOR SPECIAL CROPS

CROP	NUMBER INSURED	ACRES INSURED	BASIC PREMIUM*	BASIC LIABILITY	NO. OF LOSSES	BASIC LOSSES	BASIC L/P RATIO
Seed Peas	337	22,582	$ 272,805	$ 2,820,108	16	$ 85,951	31.51%
Dry Beans	639	48,850	927,328	9,362,635	59	706,493	76.19%
Potatoes	265	38,916	917,157	20,640,043	40	1,815,060	197.90%
Grain Corn	103	23,787	559,751	5,558,966	55	811,551	144.98%
PS Alfalfa	43	4,513	79,740	888,964	15	52,142	65.39%
PS Fescue	14	1,331	14,312	105,694	6	11,110	77.63%
Sunflowers	21	1,864	18,965	240,460	5	12,411	65.44%
	1,422	141,843	$2,790,058	$39,616,870	196	$3,494,718	125.26%

1985 SUMMARY OF EXPERIENCE FOR PROCESSING VEGETABLE CROPS

CROP	NO. OF INSUREDS	ACRES INSURED	BASIC PREMIUM*	BASIC LIABILITY	NO. OF LOSSES	BASIC LOSSES	BASIC L/P RATIO
Peas	86	4,034	$ 145,137	$ 1,465,092	14	$ 126,961	87.48%
Beans	13	373	17,560	132,415	1	658	3.75%
Corn	26	2,431	67,895	690,161	13	211,338	311.27%
Carrots	3	54	2,250	21,776	1	40	1.78%
	128	6,892	$ 232,842	$ 2,309,444	29	$ 338,997	145.59%

CUMULATIVE SUMMARY OF EXPERIENCE FOR PROCESSING VEGETABLE CROPS

(Peas 1969-1985; Beans 1971-1985; Corn 1973-1985; Carrots 1979-1985)

CROP	NO. OF INSUREDS	ACRES INSURED	BASIC PREMIUM*	BASIC LIABILITY	NO. OF LOSSES	BASIC LOSSES	BASIC L/P RATIO
Peas	1,143	69,727	$1,277,972	$12,841,901	193	$1,186,879	92.87%
Beans	243	7,937	238,938	1,627,946	55	176,070	73.69%
Corn	404	27,568	600,074	5,169,573	80	653,943	108.98%
Carrots	23	146	22,644	141,346	4	8,830	38.99%
	2,113	105,378	$2,139,628	$19,780,766	332	$2,025,722	94.68%

*Includes Federal Contribution

EXPERIENCE FOR SPECIAL CROPS

HAIL ENDORSEMENT NO. INSURED	HAIL ENDORSEMENT PREMIUM*	HAIL ENDORSEMENT LIABILITY	NO. OF LOSSES	HAIL ENDORSEMENT LOSSES	HAIL ENDORSEMENT L/P RATIO	TOTAL PREMIUM*	TOTAL LOSSES	TOTAL L/P RATIO
39	$ 24,238	$ 398,295	4	$ 13,324	54.97%	$ 65,321	$ 13,324	20.40%
49	54,364	903,799	3	10,157	18.68%	67,072	117,231	174.78%
32	260,635	4,762,891	9	136,870	52.51%	469,064	1,481,345	315.81%
21	73,039	1,220,938	0	0	0.00%	199,497	379,515	190.24%
17	15,895	329,900	1	8,334	52.43%	62,168	38,906	62.58%
2	187	5,865	0	0	0.00%	4,828	9,989	206.90%
20	14,238	230,517	1	606	4.26%	33,203	13,017	39.20%
180	$ 442,596	$ 7,852,205	18	$ 169,291	38.25%	$ 901,153	$2,053,327	227.86%

(Seed Peas, Dry Beans 1976-1985; Potatoes 1975-1985; Grain Corn 1981-1985; PS Alfalfa, PS Fescue 1984-1985; Sunflowers 1985)

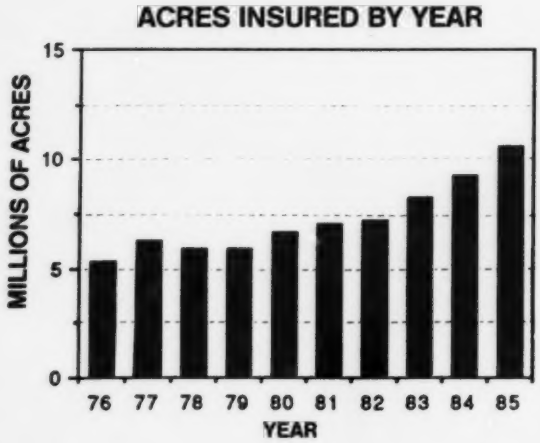
HAIL ENDORSEMENT NO. INSURED	HAIL ENDORSEMENT PREMIUM*	HAIL ENDORSEMENT LIABILITY	NO. OF LOSSES	HAIL ENDORSEMENT LOSSES	HAIL ENDORSEMENT L/P RATIO	TOTAL PREMIUM*	TOTAL LOSSES	TOTAL L/P RATIO
288	$ 148,195	$ 2,450,497	36	$ 195,502	131.92%	$ 421,000	$ 281,453	66.85%
356	265,326	4,836,936	55	376,534	141.91%	1,192,654	1,083,027	90.81%
187	1,019,137	17,205,329	37	832,386	81.68%	1,936,294	2,647,446	136.73%
96	314,511	5,313,206	15	211,345	67.20%	874,262	1,022,896	117.00%
18	29,164	594,198	1	8,334	28.58%	108,904	60,476	55.53%
6	1,663	42,711	0	0	0.00%	15,975	11,110	69.55%
20	14,238	230,517	1	606	4.26%	33,203	13,017	39.20%
971	$1,792,234	$30,673,394	145	$1,624,707	90.65%	$4,582,292	$5,119,425	111.72%

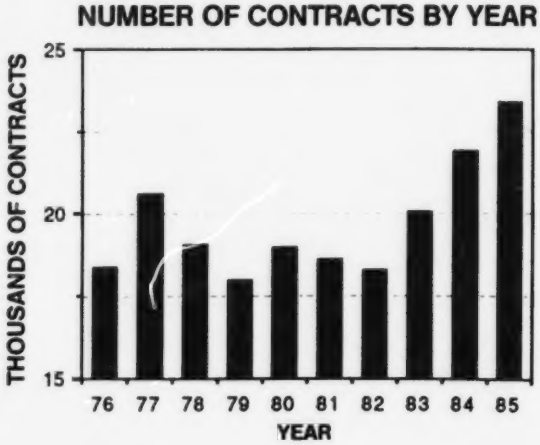
HAIL ENDORSEMENT IS NOT AVAILABLE FOR VEGETABLE CROPS

SUMMARY OF EXPERIENCE FOR BASIC PROGRAM AND HAIL ENDORSEMENT

YEAR	NO. OF INSUREDS	ACRES INSURED '000	TOTAL LIABILITY '000	–PREMIUMS PAID BY INSUREDS– BASIC '000	HAIL ENDORSEMENT '000	TOTAL '000
1965	1,312	250	$ 3,232	$ 218		$ 218
66	4,408	991	13,460	753		753
67	9,892	2,271	36,857	1,930		1,930
68	15,763	3,910	63,950	3,449		3,449
69	16,201	3,561	57,105	3,135		3,135
70	12,856	2,306	31,941	2,102		2,102
71	11,323	2,429	33,310	2,173		2,173
72	10,202	2,314	37,073	2,146		2,146
73	12,296	3,201	73,399	2,830	$ 1,165	3,995
74	13,883	3,838	125,863	5,255	1,974	7,229
75	18,685	5,113	215,976	10,328	3,371	13,699
76	18,580	5,343	229,289	11,484	3,790	15,274
77	20,878	6,301	279,520	13,631	4,846	18,476
78	19,258	5,908	259,967	13,466	4,756	18,222
79	18,253	5,882	280,471	14,069	5,567	19,636
80	18,862	6,640	381,048	18,150	8,568	26,718
81	18,638	7,009	483,148	21,361	11,223	32,584
82	18,323	7,204	547,384	22,127	12,851	34,978
83	20,050	8,289	663,600	26,412	16,647	43,059
84	21,939	9,292	760,839	28,082	20,434	48,516
85	23,431	10,575	863,035	35,330	23,410	58,740
	325,033	102,627	$5,440,467	$238,431	$118,602	$357,032

Crop Insurance Program

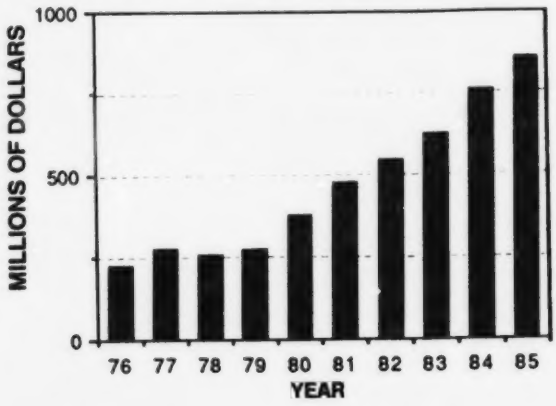




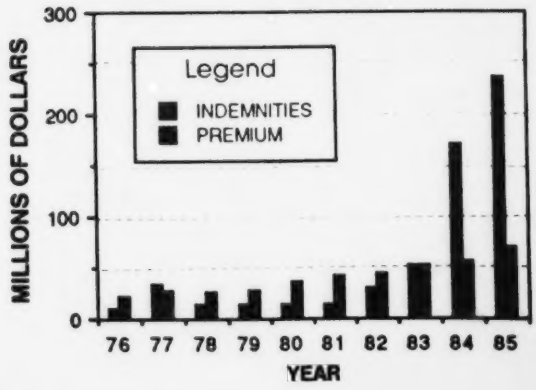
FOR ALL CROPS BY YEAR (Hail Endorsement available since 1973)

–PREMIUMS PAID BY CANADA– BASIC '000	HAIL ENDORSEMENT '000	TOTAL '000	TOTAL PREMIUMS '000	–INDEMNITIES– BASIC '000	HAIL ENDORSEMENT '000	TOTAL '000	L/P RATIO
$ 73		$ 73	$ 291	$ 48		$ 48	16.49%
251		251	1,004	315		315	31.37%
643		643	2,573	1,200		1,200	46.64%
1,150		1,150	4,598	5,508		5,508	119.79%
1,045		1,045	4,180	6,298		6,298	150.63%
699		699	2,801	1,699		1,699	60.67%
753		753	2,926	2,410		2,410	82.37%
656		656	2,802	2,119		2,119	75.62%
2,830	$ 1,165	3,995	7,990	5,671	$ 765	6,436	80.55%
5,255	1,974	7,229	14,458	11,695	2,111	13,806	95.49%
10,329	3,371	13,700	27,399	11,284	7,072	18,320	66.86%
11,485	3,790	15,275	30,549	9,692	6,808	16,500	54.01%
13,632	4,846	18,478	36,954	33,225	4,905	38,130	103.18%
13,466	4,756	18,222	36,444	14,791	7,895	22,686	62.25%
14,069	5,567	19,636	39,272	14,129	12,717	26,846	68.35%
18,150	8,568	26,718	53,436	14,741	17,285	32,026	59.93%
21,361	11,223	32,584	65,168	13,110	13,680	26,790	41.11%
22,127	12,851	34,978	69,956	30,615	31,796	62,411	89.22%
26,412	16,647	43,059	86,118	51,208	25,405	76,613	88.96%
28,082	20,434	48,516	97,032	173,943	38,003	211,946	218.43%
35,330	23,410	58,740	117,480	236,144	23,475	259,619	220.99%
$227,798	$118,602	$346,400	$703,474	$639,845	$191,917	$832,053	130.04%

LIABILITY BY YEAR



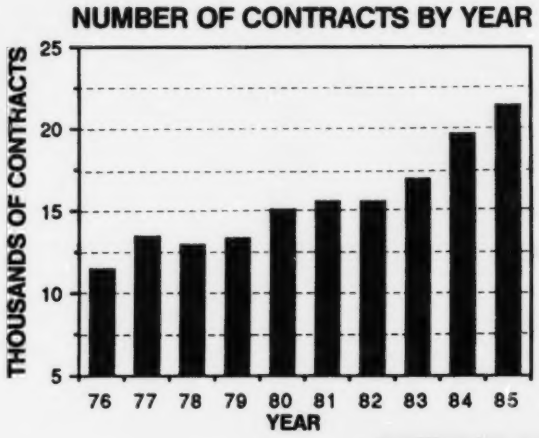
PREMIUM AND INDEMNITY BY YEAR

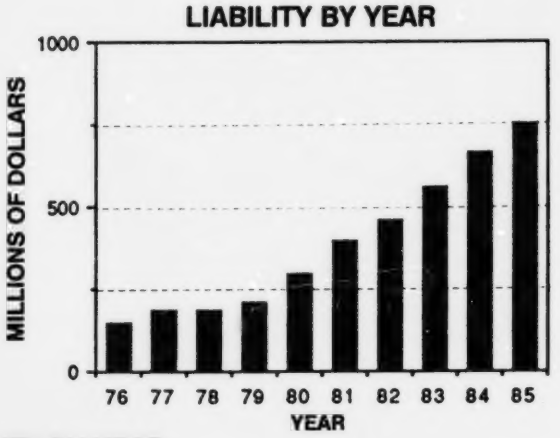


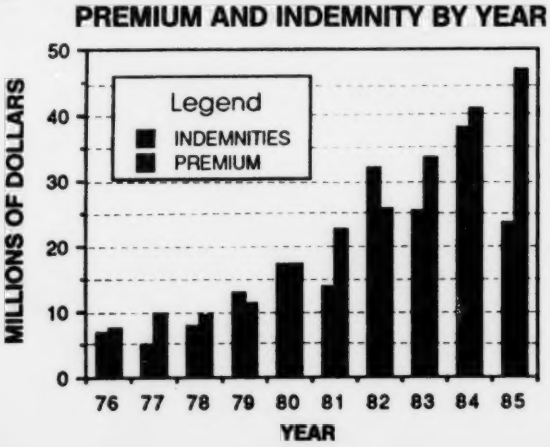
1985 HAIL ENDORSEMENT EXPERIENCE BY GRAIN AND OILSEED CROPS
(Non-Pedigreed and Pedigreed)

CROP	ACRES	TOTAL RISK	TOTAL PREMIUM	TOTAL LOSS	HARVEST ALLOWANCE	L/R RATIO	L/P RATIO
Spring Wheat	3,420,658	$260,949,540	$13,771,406	$ 7,397,231	$268,587	2.83%	53.71%
Oats	342,775	17,401,708	999,241	442,223	5,672	2.54%	44.26%
Barley	2,967,651	230,867,587	14,397,390	6,779,149	87,670	2.94%	47.09%
Flax	39,253	3,906,145	226,527	48,088	531	1.23%	21.23%
Fall Rye	40,860	2,532,564	157,889	25,584	0	1.01%	16.20%
Rapeseed	1,590,248	138,483,906	11,995,917	7,213,956	117,777	5.21%	60.14%
Spring Rye	6,606	202,213	9,572	2,846	0	1.41%	29.73%
Mustard	51,399	3,575,469	257,289	120,527	4,407	3.37%	46.84%
Mixed Grain	49,808	2,916,973	184,213	87,335	232	2.99%	47.41%
Winter Wheat	275,383	22,712,716	1,043,417	161,264	1,872	0.71%	15.46%
Utility Wheat	76,625	7,635,828	435,315	295,031	8,210	3.86%	67.77%
Durum Wheat	366,722	26,751,051	1,266,847	429,615	9,443	1.61%	33.91%
SWS Wheat	174,935	28,429,696	1,633,232	302,882	3,061	1.07%	18.54%
	9,402,923	$746,365,396	$46,378,255	$23,305,731	$507,462	3.12%	50.25%

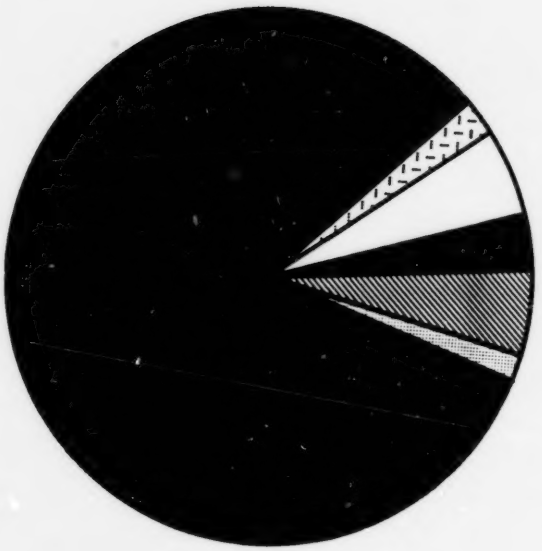
Hail Endorsement to the Crop Insurance Program







DISTRIBUTION OF LOSSES UNDER BASIC CROP INSURANCE PROGRAM
(excluding Hail Endorsement)

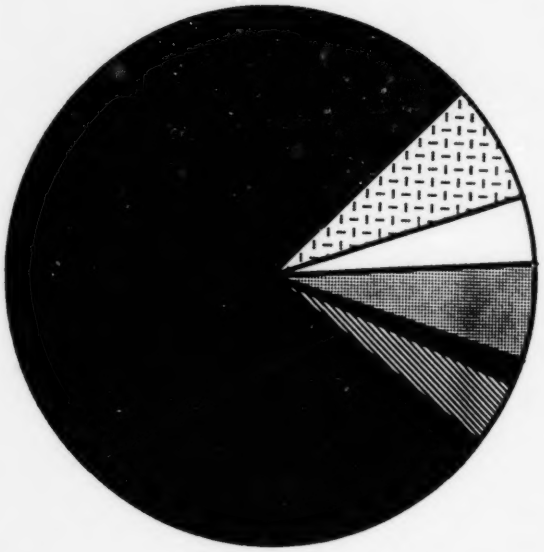


TOTAL ALBERTA LOSSES

1985 Crop Year

$236,144,000

- HAIL 2.2%
- FROST 5.3%
- INSECTS 3.2%
- OTHER 5.2%
- WINTER-KILL 1.6%
- DROUGHT 82.5%

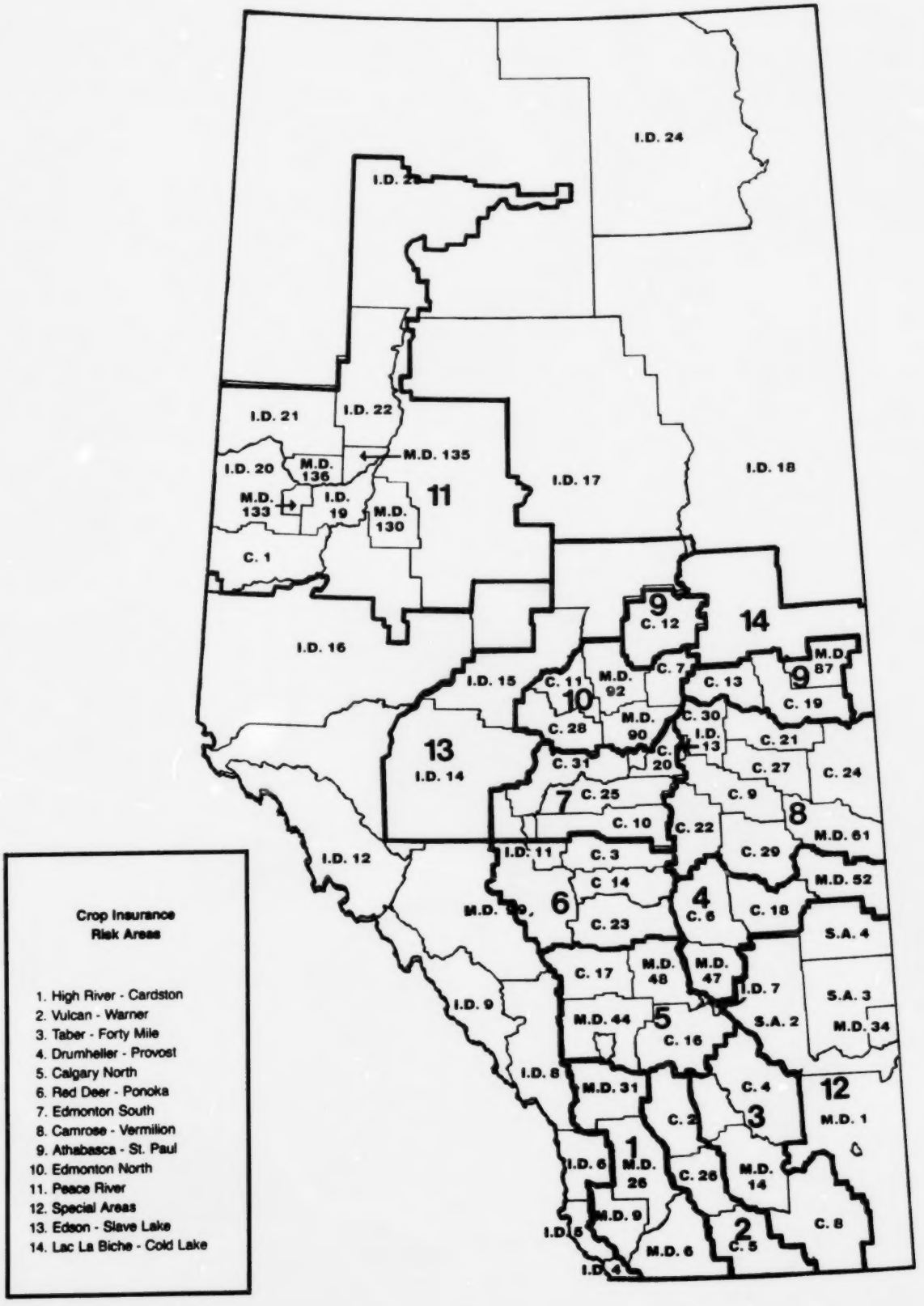


TOTAL ALBERTA LOSSES

1981-85 Crop Years

$505,020,000

- HAIL 7.1%
- FROST 4.1%
- EXCESS MOISTURE 5.7%
- INSECTS 1.8%
- OTHER 4.0%
- DROUGHT 77.3%



Crop Insurance Risk Areas

1. High River - Cardston
2. Vulcan - Warner
3. Taber - Forty Mile
4. Drumheller - Provost
5. Calgary North
6. Red Deer - Ponoka
7. Edmonton South
8. Camrose - Vermilion
9. Athabasca - St. Paul
10. Edmonton North
11. Peace River
12. Special Areas
13. Edson - Slave Lake
14. Lac La Biche - Cold Lake

Alberta Hail and Crop Insurance Corporation

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